

2019

**Red River, Atchafalaya,
Bayou Boeuf Levee District**

Agreed-Upon Procedures

June 30, 2014



Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **SEP 10 2014**

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

To Management of
Red River, Atchafalaya, Bayou Boeuf Levee District
Alexandria, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Red River, Atchafalaya, Bayou Boeuf Levee District is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Red River, Atchafalaya, Bayou Boeuf Levee District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Red River, Atchafalaya, Bayou Boeuf Levee District's compliance with certain laws and regulations during the year ended June 30, 2014.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and results are enumerated below:

General

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, ethics).

Results

No exceptions noted.

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2. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

Results

Cash increased by 13%, or \$305,589. The increase is due primarily to the excess of revenues over expenses.

Capital assets (property and equipment) decreased by 12%, or \$122,465. This net change resulted from \$57,602 of additions to equipment less \$180,067 for the depreciation of property and equipment.

Accounts payable decreased by 21% or \$6,936. This is due to the timing of invoices being received and paid. The prior year had a greater number of invoices received at year-end in comparison to the current year-end.

Total net position had a positive increase of 27% or \$228,936. This is due primarily to an increase in unrestricted net position resulting from excess revenues over expenses.

Revenues – sales of commodities and services – decreased by 86% or \$221,867. The decrease is due to the District earning funds from the sale of timber and oil and gas royalties in the prior year but not in the current year.

Cash

1. Prepare a proof of cash for the period covered by the financial statements.

Results

No exceptions noted. The cash balance at June 30, 2014 was \$2,662,107.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

Results

No exceptions noted.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

Results

No exceptions noted.

Credit Cards

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

Results

The District has two Capital One Bank credit cards in the names of the Director/Operations Supervisor and the Office Administrator. Only one statement is received monthly which includes the activity for both cards.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

- A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

- Determine if each purchase is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
 - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)
- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes):

- B. Determine if there is evidence of management review of the two selected statements.

Results

Two credit card statements were examined: (1) The July 2013 statement consisted of \$1,219 of total purchases. The largest purchase examined was for \$911 which was applied to four hotel rooms for the annual ALBL Meeting in New Orleans. (2) The March 2014 statement consisted of \$489 of total purchases. The largest purchase examined was for \$135 for a hotel for the RR Valley Meeting in Bossier City. Management reviewed both statements. No exceptions noted.

Travel and Expense Reimbursements

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:
 - A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:

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- Determine if each expenditure is:
 - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.
 - For an appropriate and necessary business purpose relative to the travel
 - Determine if each expenditure is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased) [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]
 - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating)
 - Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)
 - Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results

Three individuals were selected and the largest payments for each individual were selected. No exceptions noted.

Contracts

1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

Results

No exceptions noted.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

- (1) Services
- (2) Materials and supplies.
- (3) Public works

Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction by obtaining management's representation.
 - Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:
 - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)
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- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.
 - Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
 - Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.
 - Determine if there is documentation of board approval, if required.

Results

No exceptions noted.

Payroll and Personnel

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:
 - Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.
 - Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

Results

No exceptions noted.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:
 - Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - Determine if supervisors are approving, in writing, the attendance and leave of all employees.
 - Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

Results

No exceptions noted.

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3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

Results

No exceptions noted.

Budget

1. Obtain a copy of the legally adopted budget and all amendments.

Results

No exceptions noted

2. Trace the budget adoption and amendments to the minute book.

Results

No exceptions noted.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

Results

Comparison of total revenues and expenditures of the final budget and actual total of revenues and expenditures for the June 30, 2014 fiscal year revealed no variances of 10% or greater.

Debt Service

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

Results

Not applicable – the District did not issue or enter into any new debt agreements

2. Determine compliance with applicable debt covenants.

Results

Not applicable – the District did not issue or enter into any new debt agreements

Corrective Action

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Results

Not applicable – no exceptions noted.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Red River, Atchafalaya, Bayou Boeuf Levee District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Pirelli & Martinez, LLP

Covington, Louisiana
August 25, 2014

Red River, Atchafalaya, Bayou Boeuf Levee District
Prior Year Exceptions and Management's Responses and Corrective Action Plan
For the Year Ended June 30, 2014

2013-(1) Credit Cards – Itemized Receipts and Business Purpose

Exceptions

On December 20, 2012, the District used \$1,165 of public funds for an employee lunch at Tunks Cypress Inn. The District's file did not contain an original itemized receipt, documentation of the public purpose, or list of those in attendance.

In December 2012, the District's Director/Operations Supervisor, Board President, and two Board Commissioners attended the Association of Levee Boards of Louisiana conference at the Hilton New Orleans Riverside Hotel. The hotel invoices indicates \$165.98 of the District's funds were to purchase "Spirits." We contacted the Hilton and a billing representative stated "Spirits" are purchases of alcoholic beverages at the hotel. There is no documentation of the list of participants or public benefit.

The largest purchase noted on the March 2013 credit card statement was related to a conference in Washington, D.C. The Director's spouse accompanied him to the conference, and the Director reimbursed the District for her airfare. Without itemized meal receipts or the list of participants present at meals, we were unable to determine if the District's funds were used to pay the meal expenses of the Director's spouse.

Management's Response and Corrective Action Plan

The District began obtaining itemized meal receipts and documenting the list of participants and public purpose for each meal purchased. In addition, the Director has agreed to reimburse the District for the luggage fees and meal expenses incurred.

Update

Based upon our testing, this prior year finding has been resolved.

2013-(2) Travel and Expense Reimbursements – Itemized Receipts and Business Purpose

Exception

The Board President was reimbursed for expenses incurred while attending a conference in Washington, D.C. during March 2013. Without proper documentation, including itemized meal receipts, we were not able to determine the reasonableness of the total reimbursement.

No expense reimbursement reports accompanied reimbursements for mileage.

Management's Response and Corrective Action Plan

The Board President stated the meals noted were with the commissioners of the District's board and other public officials to discuss the District's levee system and drainage. For all reimbursements in the future, the Board President stated he will complete a reimbursement report, include all itemized receipts, and list the participants and public purpose for all special meals.

The District not requires personnel to submit a reimbursement report that includes the date, odometer readings, business miles driven, and the business purpose for all mileage reimbursements.

Update

Based upon our testing, this prior year finding has been resolved.

Red River, Atchafalaya, Bayou Boeuf Levee District
Prior Year Exceptions and Management's Responses and Corrective Action Plan
For the Year Ended June 30, 2014

2013-(3) Budget to Actual Variance

Exception

Results of testing indicate the budget was not amended properly. Comparison of total expenses of the final budget and actual expenses for the June 30, 2013 fiscal year revealed actual total expenses were greater than budgeted expenses by 12%, or \$298,636. The variance is caused primarily by depreciation of property and equipment not being considered in the budget since it is a non-cash transaction. In addition, other postemployment benefits (OPEB) were higher than expected.

Management's Response and Corrective Action Plan

The District has implemented policies to adopt a budget amendment for any planned increase or decrease constituting five percent or more of the total dollars in the originally submitted budget as required by Louisiana Local Government Budget Act.

Update

Based upon our testing, this prior year finding has been resolved.